

2023 -- S 0993

LC002940

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2023

A N A C T

AUTHORIZING THE TOWN OF COVENTRY TO ISSUE NOT MORE THAN \$25,000,000 BONDS AND NOTES TO FINANCE CONSTRUCTION, RENOVATION, REHABILITATION, REPAIR, IMPROVEMENT, FURNISHING AND/OR EQUIPPING OF AND/OR ADDITIONS TO SCHOOLS AND SCHOOL FACILITIES THROUGHOUT THE TOWN, SUBJECT TO APPROVAL OF STATE SCHOOL HOUSING AID AT A REIMBURSEMENT RATE OR STATE SHARE RATIO OF NOT LESS THAN 49.2 % FOR EXPENDITURES ELIGIBLE FOR REIMBURSEMENT

Introduced By: Senators Raptakis, Rogers, E Morgan, Burke, and LaMountain

Date Introduced: May 15, 2023

Referred To: Senate Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. The town of Coventry is hereby empowered, in addition to authority
2 previously granted, to issue bonds to an amount not exceeding twenty-five million dollars
3 (\$25,000,000) from time to time under its corporate name and seal or a facsimile of such seal;
4 provided, however that the bonds shall not be issued unless the conditions of section 2 hereof as to
5 the level of state aid are met. The bonds of each issue may be issued in the form of serial bonds or
6 term bonds or a combination thereof and shall be payable either by maturity of principal in the case
7 of serial bonds or by mandatory serial redemption in the case of term bonds, in annual installments
8 of principal, the first installment to be not later than five (5) years and the last installment not later
9 than thirty (30) years after the date of the bonds.

10 SECTION 2. The town may be eligible for school housing aid reimbursement on debt
11 service pursuant to chapter 7 of title 16, and/or for a grant, loan or other "financial assistance" as
12 defined in § 45-38.2-1(6) from the school building authority capital fund under chapter 38.2 of
13 chapter 45. Bonds, notes or other evidences of indebtedness shall not be issued under this act unless
14 the town has received a letter from the Rhode Island department of education ("RIDE") confirming
15 that the then-current school housing aid reimbursement rate under chapter 7 of title 16, as amended
16 from time to time, or financial assistance from the school building authority capital fund, or

1 pursuant to any other law hereafter enacted providing for funds to municipalities for school housing
2 purposes, is not less than forty-nine and 2/100 percent (49.2%) for those expenditures which are
3 eligible for state aid. A certificate of the officers authorized to sign such bonds or notes authorized
4 hereunder that such letter has been received shall conclusively demonstrate the satisfaction of this
5 condition to the issuance of indebtedness hereunder.

6 SECTION 3. This act shall constitute an enabling act of the general assembly that is
7 required pursuant to § 16-7-44. Any bonds, notes or other evidences of indebtedness issued under
8 this act for school projects shall not be eligible for state housing aid reimbursement pursuant to §
9 16-7-44 unless the school projects described herein shall have been approved by the Rhode Island
10 department of education.

11 SECTION 4. The bonds shall be signed by the manual or facsimile signatures of the town
12 director of finance and the president of the town council and shall be issued and sold in such
13 amounts as the town council may authorize by resolution. The manner of sale, denominations,
14 maturities, interest rates and other terms, conditions and details of any bonds or notes issued under
15 this act may be fixed by the resolution of the town council authorizing the issue or by separate
16 resolution of the town council or, to the extent provisions for these matters are not so made, they
17 may be fixed by the officers authorized to sign the bonds or notes. Notwithstanding anything
18 contained in this act to the contrary, the town may enter into financing agreements with the Rhode
19 Island health and educational building corporation pursuant to chapter 7 of title 16 and chapter 38.1
20 of title 45 and, with respect to bonds or notes issued in connection with such financing agreements,
21 if any, the town acting by said officers may elect to have the provisions of chapter 38.1 of title 45
22 apply to the issuance of bonds or notes issued hereunder to the extent the provisions of said chapter
23 are inconsistent herewith. In addition, the town may enter into financing agreements with the Rhode
24 Island infrastructure bank pursuant to the provision of chapter 12.2 of title 46 and, with respect to
25 bonds or notes issued in connection with such financing agreements, if any, the town acting by said
26 officers may elect to have the provisions of chapter 12.2 of title 46 apply to the issuance of bonds
27 or notes issued hereunder to the extent the provisions of said chapter are inconsistent herewith.

28 SECTION 5. The proceeds derived from the sale of the bonds shall be delivered to the
29 director of finance, and such proceeds exclusive of premiums and accrued interest shall be
30 expended for: (1) The construction, renovation, rehabilitation, repair, improvement, furnishing
31 and/or equipping of and/or additions to schools and school facilities in the town of Coventry and
32 all costs incidental thereto (the projects"); (2) In payment of the principal of or interest on temporary
33 notes issued under section 6 or; (3) In repayment of advances under section 7. No purchaser of any
34 bonds or notes under this act shall be in any way responsible for the proper application of the

1 proceeds derived from the sale thereof. The projects shall be carried out and all contracts made
2 therefor on behalf of the town by the town council or as may be otherwise directed by the town
3 council. The proceeds of bonds or notes issued under this act, any applicable federal or state
4 assistance and the other monies referred to in sections 9 and 12 shall be deemed appropriated for
5 the purposes of this act without further action than that required by this act. The bond issue, and
6 any issue of notes, authorized by this act may be consolidated for the purposes of issuance and sale
7 with any other bond and/or note issue of the town heretofore or hereafter authorized; provided that,
8 notwithstanding any such consolidation, the proceeds from the sale of the bonds and notes
9 authorized by this act shall be expended for the purposes set forth above.

10 SECTION 6. The town council may by resolution authorize the issue from time to time of
11 interest bearing or discounted notes in anticipation of the authorization or issue of bonds or in
12 anticipation of the receipt of federal or state aid for the purposes of this act. The amount of original
13 notes issued in anticipation of bonds may not exceed the amount of bonds which may be issued
14 under this act and the amount of original notes issued in anticipation of federal or state aid may not
15 exceed the amount of available federal or state aid as estimated by the director of finance.
16 Temporary notes issued hereunder shall be signed by the director of finance and by the president
17 of the town council and shall be payable within five (5) years from their respective dates, but the
18 principal of and interest on notes issued for a shorter period may be renewed or paid from time to
19 time by the issue of other notes hereunder; provided the period from the date of an original note to
20 the maturity of any note issued to renew or pay the same debt or the interest thereon shall not exceed
21 five (5) years. Any temporary notes in anticipation of bonds issued under this section may be
22 refunded prior to maturity of the notes by the issuance of additional temporary notes; provided that,
23 no such refunding shall result in any amount of temporary notes outstanding at any one time in
24 excess of two hundred percent (200%) of the amount of bonds that may be issued under this act;
25 and provided further that, if the issuance of any such refunding notes results in excess of the amount
26 of bonds that may be issued under this act, the proceeds of such refunding notes shall be deposited
27 in a separate fund established with the paying agent which is the paying agent for the notes being
28 refunded. Pending their use to pay the notes being refunded, monies in the fund shall be invested
29 for the benefit of the town by the paying agent at the direction of the director of finance in any
30 investment permitted under section 8. The monies in the fund and any investments held as a part
31 of the fund shall be held in trust and shall be applied by the paying agent solely to the payment or
32 prepayment of the principal and interest on the notes being refunded. Upon payment of all principal
33 and interest on the notes being refunded, any excess monies in the fund shall be distributed by the
34 paying agent to the town. The town may pay the principal of and interest on the notes in full or in

1 part from other than the issuance of refunding notes prior to the issuance of bonds pursuant to
2 section 1 hereof. In such case the town's authority to issue bonds or notes in anticipation of bonds
3 under this act shall continue: provided that (1) The town council passes a resolution evidencing the
4 town's intent to pay off the notes without extinguishing the authority to issue bonds or notes; and
5 (2) That the period from the date of the original note to the maturity of any other note shall not
6 exceed five (5) years.

7 SECTION 7. Pending any authorization or issue of bonds hereunder or pending or in lieu
8 of any authorization or issue of notes hereunder, the director of finance, with the approval of the
9 town council, may, to the extent that bonds or notes may be issued hereunder, apply funds in the
10 treasury of the town to the purposes specified in section 5, such advances to be repaid without
11 interest from the proceeds of bonds or notes subsequently issued or from the proceeds of applicable
12 federal or state assistance or from other available funds.

13 SECTION 8. Any proceeds of bonds or notes issued hereunder or of any applicable federal
14 or state assistance, pending their expenditure may be deposited or invested by the director of
15 finance, in demand deposits, time deposits or savings deposits in banks which are members of the
16 Federal Deposit Insurance Corporation or in obligations issued or guaranteed by the United States
17 of America or by any agency or instrumentality thereof or as may be provided in any other
18 applicable law of the State of Rhode Island or resolution of the town council or pursuant to an
19 investment policy of the town.

20 SECTION 9. Any accrued interest received upon the sale of bonds or notes hereunder shall
21 be applied to the payment of the first interest due thereon. Any premiums arising from the sale of
22 bonds or notes hereunder and any earnings or net profit realized from the deposit or investment of
23 funds hereunder shall, in the discretion of the director of finance, be applied: (1) To the cost of
24 preparing, issuing and marketing bonds or notes hereunder to the extent not otherwise provided;
25 (2) To the cost of capitalized interest on temporary notes issued under section 6 not otherwise
26 provided; (3) To the payment of the cost of the projects or to the cost of additional improvements
27 coming within the description of the projects in section 5; provided however, the principal amount
28 of the bonds authorized hereunder shall be reduced by such amount of premium used for project
29 costs; and/or (4) To the payment of the principal of or interest on bonds or notes issued hereunder;
30 or to any one or more of the foregoing. The cost of preparing, issuing and marketing bonds or notes
31 hereunder may also, in the discretion of the director of finance, be met from bond or note proceeds
32 exclusive of accrued interest or from other monies available therefor. Any balance of bond or note
33 proceeds remaining after payment of the cost of the projects and said additional improvements and
34 the cost of preparing, issuing and marketing bonds or notes hereunder shall be applied to the

1 payment of the principal of or interest on bonds or notes issued hereunder. To the extent permitted
2 by applicable federal laws, any earnings or net profit realized from the deposit or investment of
3 funds hereunder may, upon receipt, be added to and dealt with as part of the revenues of the town
4 from property taxes. In exercising any discretion under this section, the director of finance shall be
5 governed by any instructions adopted by resolution of the town council. The director of finance is
6 authorized to take any action deemed by him or her necessary: (1) To assure that interest on the
7 bonds or notes issued hereunder remains excludable from gross income of the recipients thereof for
8 federal income tax purposes, including, without limitation, paying to the federal government any
9 rebate of earnings derived from the deposit or investment of the proceeds of such bonds or notes
10 that may be required therefor; (2) To comply with the requirements of federal law, including,
11 without being limited to, regulations and other requirements of the Securities and Exchange
12 Commission and the Municipal Securities Rulemaking Board, imposed directly on the town or on
13 the underwriters of such bonds and notes and/or (3) to comply with the provisions of §§ 16-7-35
14 through 16-7-47 including making all necessary contracts and agreements to issue said bonds
15 and/or notes through the Rhode Island health and educational building corporation.

16 SECTION 10. All bonds or notes issued under this act and the debts evidenced thereby
17 shall be obligatory on the town in the same manner and to the same extent as other debts lawfully
18 contracted by it and shall be excepted from the operation of § 45-12-2. No such obligation shall at
19 any time be included in the debt of the town for the purpose of ascertaining its borrowing capacity.
20 The town shall annually appropriate a sum sufficient to pay the principal and interest coming due
21 within the year on bonds and notes issued hereunder to the extent that monies therefor are not
22 otherwise provided. If such sum is not appropriated, it shall nevertheless be added to the annual tax
23 levy. In order to provide such sum in each year and notwithstanding any provision of law to the
24 contrary, all taxable property in the town shall be subject to ad valorem taxation by the town without
25 limitation as to rate or amount.

26 SECTION 11. Any bonds or notes issued under the provisions of this act, if properly
27 executed by officers of the town in office on the date of execution, shall be valid and binding
28 according to their terms notwithstanding that before the delivery thereof and payment therefor any
29 or all of such officers shall for any reason have ceased to hold office.

30 SECTION 12. The town, acting by resolution of its town council is authorized to apply for,
31 contract for and expend any federal or state advances or other grants or assistance which may be
32 available for the purposes of this act, and any such expenditures may be in addition to other monies
33 provided in this act. To the extent of any inconsistency between any law of this state and any
34 applicable federal law or regulation, the latter shall prevail. Federal and state advances, with interest

1 where applicable, whether contracted for prior to or after the effective date of this act, may be
2 repaid as project costs under section 5.

3 SECTION 13. Bonds and notes may be issued under this act without obtaining the approval
4 of any governmental agency or the taking of any proceedings or the happening of any conditions
5 except as specifically required by this act for such issue. In carrying out any project financed in
6 whole or in part under this act, including where applicable the condemnation of any land or interest
7 in land, and in the levy and collection of assessments or other charges permitted by law on account
8 of any such project, all action shall be taken which is necessary to meet constitutional requirements
9 whether or not such action is otherwise required by statute; but the validity of bonds and notes
10 issued hereunder shall in no way depend upon the validity or occurrence of such action. To the
11 extent of any inconsistency between this act and the town charter, this act shall prevail.

12 SECTION 14. All or any portion of the authority to issue bonds and notes under this act
13 may be extinguished by resolution of the town council, without further action by the general
14 assembly seven (7) years after the effective date of this act.

15 SECTION 15. The question of the approval of this act shall be submitted to the electors of
16 the town at a special election to be held on October 3, 2023. The question shall be submitted in
17 substantially the following form: "Shall an act, passed at the 2023 session of the General Assembly,
18 entitled 'AN ACT AUTHORIZING THE TOWN OF COVENTRY TO ISSUE NOT MORE THAN
19 \$25,000,000 BONDS AND NOTES TO FINANCE CONSTRUCTION, RENOVATION,
20 REHABILITATION, REPAIR, IMPROVEMENT, FURNISHING AND/OR EQUIPPING OF
21 AND/OR ADDITIONS TO SCHOOLS AND SCHOOL FACILITIES THROUGHOUT THE
22 TOWN, SUBJECT TO APPROVAL OF STATE SCHOOL HOUSING AID AT A
23 REIMBURSEMENT RATE OR STATE SHARE RATIO OF NOT LESS THAN 49.2%' FOR
24 EXPENDITURES ELIGIBLE FOR REIMBURSEMENT' be approved?" and the warning for the
25 election shall contain the question to be submitted. The town board of canvassers may combine any
26 two (2) or more voting districts for the election and when so combined shall be treated as a voting
27 district. If so combined, the town board of canvassers shall advertise the combination of districts in
28 a newspaper of general circulation in the town. From the time the election is warned and until it is
29 held, it shall be the duty of the town clerk to keep a copy of the act available at his or her office for
30 public inspection, but the validity of the election shall not be affected by this requirement.

31 SECTION 16. This section and section 15 shall take effect upon passage. The remainder
32 of this act shall take effect upon the approval of this act by a majority of those voting on the question

1 at the election prescribed by section 15.

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EXPLANATION

OF

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AUTHORIZING THE TOWN OF COVENTRY TO ISSUE NOT MORE THAN \$25,000,000 BONDS AND NOTES TO FINANCE CONSTRUCTION, RENOVATION, REHABILITATION, REPAIR, IMPROVEMENT, FURNISHING AND/OR EQUIPPING OF AND/OR ADDITIONS TO SCHOOLS AND SCHOOL FACILITIES THROUGHOUT THE TOWN, SUBJECT TO APPROVAL OF STATE SCHOOL HOUSING AID AT A REIMBURSEMENT RATE OR STATE SHARE RATIO OF NOT LESS THAN 49.2 % FOR EXPENDITURES ELIGIBLE FOR REIMBURSEMENT

1 This act authorizes the town of Coventry to submit to the electors of the town at a special
2 election to be held on October 3, 2023, a question in substantially the following form: "Shall an
3 act, passed at the 2023 session of the General Assembly, entitled "AN ACT AUTHORIZING THE
4 TOWN OF COVENTRY TO ISSUE NOT MORE THAN \$25,000,000 BONDS AND NOTES TO
5 FINANCE CONSTRUCTION, RENOVATION, REHABILITATION, REPAIR,
6 IMPROVEMENT, FURNISHING AND/OR EQUIPPING OF AND/OR ADDITIONS TO
7 SCHOOLS AND SCHOOL FACILITIES THROUGHOUT THE TOWN, SUBJECT TO
8 APPROVAL OF STATE SCHOOL HOUSING AID AT A REIMBURSEMENT RATE OR
9 STATE SHARE RATIO OF NOT LESS THAN 49.2%' FOR EXPENDITURES ELIGIBLE FOR
10 REIMBURSEMENT."

11 Section 16 and section 15 of the act would take effect upon passage. The remainder of this
12 act would take effect upon the approval of this act by a majority of those voting on the question at
13 the election prescribed by section 15.

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